



## Gainful Employment – Talking Points

- We have serious concerns about the potential repercussions of the proposed gainful employment regulation currently being considered by the U.S. Department of Education. We are also concerned that the Department has still not responded to numerous requests for the background and data supporting their proposed new regulation.
- In its current form this proposed regulatory language will have significant negative consequences for the tens of thousands students striving for a better education and training for jobs in the 21st century economy at career and technical colleges across the nation. The proposal curtails educational choice and diminishes job prospects in such high demand fields as nursing, technology, and education. For instance, nine percent of nurses and fifty-four percent of allied health workers who graduated last year were educated at schools that will be impacted by the Department proposal.
- In an attempt to address the need for comprehensive background information and data on this proposed regulation, the Career College Association (CCA) enlisted researchers to provide a detailed analysis of its impact on students' access to higher education. A study of approximately 640,000 students and over 10,000 separate programs authored by Dr. Jonathan Guryan, Ph. D. of the University of Chicago in conjunction with his colleagues at Charles River Associates determined that the Department's proposal would have an enormous negative impact on students' access to higher education.
- Using the Department's proposal, the researchers compared the median debt among a career college program's graduates to the maximum allowed loan implied by the 8 percent rule applied to the appropriate 25<sup>th</sup> percentile of earnings, and then calculated the debt-to-income ratio to reach the following conclusions:
  - **18 percent** of for-profit postsecondary programs would not satisfy the debt limit requirement of the gainful employment proposal.
  - **33 percent** of students in for-profit postsecondary programs would be impacted by the current Gainful Employment regulation proposal.
  - **40 percent** of students in 2-4 year programs would be impacted and **18 percent** of students in less than 2 year programs would be impacted.
  - By 2020, the proposed regulation would *deny access to approximately 5.4 million students* on track to attend for-profit postsecondary institutions, based on current enrollment growth rates.
  - The proposed *8 percent debt limit has no scientifically data-driven rationale*, as loan default rates do not necessarily increase as student loan payments exceed this threshold.
  - Appendices two and three of the study break down the number of *Women, African-Americans, Latino, and Asian students negatively affected by the proposal in each State*.
- If the non-traditional students who frequent for-profit schools due to their convenience and flexible schedules are denied access to Title IV financial aid for their chosen

programs, they may have no other options. Today there is still insufficient capacity at community colleges to meet student needs. Indeed, *Inside Higher Ed* reported on March 30<sup>th</sup>, 2010, that "...two-year institutions (are) caught in a vise of growing student demands for enrollment and continuing financial strain due to diminished state funds."

**Requested Action:**

*Please reach out to U.S. Secretary of Education Arne Duncan and request that he provide you with the following information: 1) The specific data used to create the draft gainful employment proposal, including how the debt to earnings ratio was developed; and, 2) A detailed impact analysis of the proposed gainful employment regulation on students and schools in your State/Congressional District.*

*Also, please urge the Secretary to strongly consider an alternative proposal from the CCA that focuses on enhanced consumer disclosure PLUS independent employer affirmation or licensure/certification .*

- This alternative enumerates seven specific pieces of information an institution covered by the gainful employment statutory language would be required to disclose to a prospective student beyond current law. The new areas of information that would be provided to students relate to a) earnings in the occupation for which a student is preparing and b) data about debt, including expected annual loan repayments.
- CCA's alternative proposal ensures the student, as a consumer, is more fully informed about the consequences of his/her decision to enroll and take on debt, without creating an arbitrary formula that will limit access to millions of students. Institutions that do not provide this information or misrepresent the information would be sanctioned.
- Also, a program at an institution would only be in compliance with gainful employment if it meets one of the following criteria:
  - 1) at least once every three years, not fewer than three employers independent of the institution and each other confirm that the program's objectives, curriculum and measures for assessment of student achievement align with knowledge and skills that are used by employees in performing job duties of occupations at the employer that are related to the program; or
  - 2) the program prepares graduates to take state or professional licensure or certification examinations required or preferred for employment in the field. To the extent that the licensure or certification authority has a required pass rate, the institution would be required to be in compliance with those requirements.
- Institutions that do not provide this information or misrepresent the information would be sanctioned.